



Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

Internal
C0070013
&

December 5, 1989

TO: Mine File *LPS*
FROM: Lowell P. Braxton, Associate Director, Mining
RE: **Reclamation Bond Amount, Kaiser Coal Corporation, Horse Canyon Mine, ACT/007/013, Folder #4, Carbon County, Utah**

Synopsis and Analysis

Recently, there has been discussion that there may be funds available from the bankruptcy court or other sources for a reclamation bond for the Horse Canyon Mine. It must be understood, however, that a bond amount reflecting an approved reclamation plan for this site cannot be determined because no mining and reclamation permit has been issued.

Scenarios for the reclamation cost estimates at the Horse Canyon Mine are as follows:

1. Kaiser Coal Corporation posted a self bond in November 1985 for \$918,649.00, when the property (not permit) was transferred from U.S. Steel. Fifty (50) acres of disturbance were estimated (approximately \$18,400/acre).
2. Interim bond amounts for the Utah Coal Program were established at \$20,000/acre in 1984. This interim bond amount would equate to \$1,000,000 for the Horse Canyon Mine.
3. Kaiser Coal Corporation submitted a Permit Application Package in 1987 with a reclamation cost estimate of \$1,542,000.00 (1987 dollars).

Page 2
Memo to Mine File
ACT/007/013
Bonding
December 5, 1989

Recommendation

Negotiated bond amounts unsubstantiated by an approved reclamation plan have the potential for becoming inferred approved amounts when parties interested in acquiring the property approach the Division management. If the Division negotiates any bond figure less than \$918,649.00, such negotiations should be conducted with the knowledge that any estimate less than \$20,000.00 per acre will be less than the established interim bond figures for the Coal Reclamation Program. Future bond amounts for this property may be difficult to arrive at based on the preconceived notion of a negotiated bond amount.

PGL/djh
cc: D. R. Nielsen, DOGM
B. W. Roberts, Attorney General's Office
P. Grubaugh-Littig, DOGM
S. C. Linner
AT45/88-89